GOVERNOR' S OFFICE CONSIDERS TAX INCREASE ON CIGARETTES

Adding up the Effects . . .

If cigarette taxes go up 15¢ per pack in New Jersey, it may set off a chain of events that could really damage local businesses. You could lose customers to stores in nearby states like Pennsylvania or Delaware where taxes would be much lower. And cigarette smuggling would increase while retail tobacco sales in New Jersey plummet. Just look at these facts:

- ¥ It is estimated that cigarette sales in New Jersey could fall by about 11% if the tax is increased 15¢ per pack. $144 million would be lost in retail cigarette sales. $129 million would be lost in sundry or tie-in sales. That s a total of $273 million in commercial losses. Retailers and wholesalers could lose about $50 million in gross profits.

- ¥ The average sales loss per convenience store would be about $22,000. The cigarette and sundry products losses would be about $40,000 per store. Gross profit loss (cigarette and sundry sales) would be around $10,000 per store.

- ¥ Cigarette volume would decrease by about 70 million packs, most of which would be lost to border states who can offer a lower price. Sales and excise tax savings in Delaware, which has no sales tax and a 24¢ per pack cigarette tax, would be $4.50 per carton. Savings in Pennsylvania, which has a 31¢ per pack cigarette tax, would be $2.40 per carton.

- ¥ History shows that in New Jersey, cigarette sales dropped 12% in fiscal year 1991 immediately after the tax was increased by 13¢ per pack. Meanwhile, Delaware cigarette sales have increased 12% from '91 to '95.

- ¥ Cigarette smuggling would most certainly increase. The Advisory Council on Intergovernmental Relations published a report on smuggling. They estimated that if a tax difference of $2.30 per carton existed between high and low tax states, within a geographic region, it would be profitable for smugglers to invest large resources in such activities.

- ¥ Adjusting for inflation, this ACIR bootleg 'flashpoint' would be about $3.60 per carton in 1995. After a 15¢ per pack tax increase, New Jersey would exceed or be near the flashpoint with many states including Pennsylvania, Delaware, North Carolina, Virginia and Indian Reservations in New York.

This information cannot be ignored. A tax increase on cigarettes could be devastating to any and all retailers in New Jersey, including you. Call your state legislators and the Governor today and protect your business.

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Source: https://www.industrydocuments.ucsf.edu/docs/tzhy0000

Business Alert!

NEW JERSEY

CALL YOUR STATE LEGISLATORS, GOVERNOR TODAY TO PREVENT UNFAIR CIGARETTE TAX INCREASES!

A very important part of your business — your cigarette sales — is under attack.

According to newspaper stories, Governor Christine Whitman's office is on the verge of asking the State Legislature to raise cigarette taxes by two dollars and fifty cents per carton.

This would be a dramatic reversal of her campaign promise of no new taxes. So far, the Whitman Administration has not raised a single tax. But if cigarette taxes go up that much in New Jersey, it would put local businesses at an extreme disadvantage with retailers from bordering states. Some of your customers will have no reason to buy tobacco products in your store anymore. They will simply drive to Pennsylvania or Delaware to buy their cigarettes, since the taxes there will be considerably less than that in New Jersey. Plus, when customers go to other stores for cigarettes, they will buy beverages, gas and food while they're there. That's when New Jersey businesses will really begin to suffer.

WE NEED YOUR HELP!

That's why it's absolutely crucial for you to call your state legislators and the governor and remind them that you oppose new taxes. When you call, leave your name and the name of your business and ask to leave a message for your legislators. Then, in your own words, urge them to vote against any increase in the cigarette tax. Let them know that smokers are already overburdened with taxes, and tell them that any increase in cigarette taxes could cause you to lose business and revenue. Call today!

Governor Christine Whitman
609-292-6000

President of the Senate
Donald DiFrancesco
609-292-5199

Speaker of the General Assembly
Chuck Haytaian
609-292-5339

Also, contact the state legislators who represent your local area.

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